II) REMARKS

This Amendment is in response to the final Office action dated
May 14, 2008. The claims have not been amended. Claims 1-10,
21 and 22 remain pending.

The Examiner has rejected claims 1-3, 5-7, 21 and 22 under 35
USC 103(a) as being unpatentable over Harris et al. (USP
6,014,635) in view of Walker et al (USP 6,327,573). The Examiner
rejected claim 4 under 35 USC 103(a) as being unpatentable over
Harris et al. (USP 6,014,635) in view of Walker et al (USP
6,327,573) as applied to claim 3, in further view of Klayh (US
2003/0050831). The Examiner rejected claims 8,9 under 35 USC
103(a) as being unpatentable over Harris et al. (USP 6,014,635)
in view of Walker et al (USP 6,327,573) as applied to claim 3,
in further view of Official Notice. The Examiner rejected claim
10 under 35 USC 103(a) as being unpatentable over Harris et al.
(USP 6,014,635) in view of Walker et al (USP 6,327,573) as
applied to claim 3, in further view of Blagg et al (USP
7,076,465). Applicant respectfully disagrees with the
interpretation of the references as they allegedly apply to the
Applicant's claims as explained herein.

Claim 1 recites a method of operating a reward points system in
conjunction with a card network, with the card network
comprising at least one issuing bank for issuing a card to a
user and at least one acquiring bank for collecting payment from
the issuing bank on behalf of a merchant and paying the
merchant. A reward point account database is established in a
central reward server operating in association with the card
network. The central reward server enables a plurality of
independently operating merchants to each have a plurality of
individual user reward point accounts stored in the reward point

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account database and associated with the independently operating
merchant. To utilize the system, a user executes a purchase
transaction with one of the transacting merchants (from the
group of independently operating merchants) by presenting to the
transacting merchant a card for payment of the transaction. The
transacting merchant then requests an acquiring bank to obtain
approval of the purchase transaction from an issuing bank. The
transacting merchant instructs the central reward server to add
reward points to a user reward point account associated with the
transacting merchant and the user. Thus, this claimed system
enables any number of independent merchants to establish reward
point accounts for their customers using the infrastructure of
the card network, without having to establish their own
proprietary reward system as in the prior art. The central
reward server can track reward point accounts for numerous users
at numerous merchants as independent accounts, thus providing
brand distinction and loyalty. As a result, each participating
merchant is provided with a reward system managed by an
independent entity with selective collaboration, while
maintaining brand identification and name recognition. This
provides traction for all participating entities; and through
the selective collaboration process, the merchant can establish
dynamic relationships through open clusters and merchant
coalitions may be formed and changed to create differentiation.

The prior art Harris reference cited by the Examiner has nothing
to do with the utilization of reward points that are stored in a
reward account database in a central reward server so that the
user can accumulate them and redeem them when desired. Harris's
system uses a real-time discount mechanism that the Examiner
equates to reward points ("Examiner interprets discount credit

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system as analogous to Applicant's reward point system"). In particular, the Examiner alleges that the claimed limitation

> providing a reward point account database in a central reward server operating in association with the card network, the central reward server enabling a plurality of independently operating merchants to each have *a plurality of individual user reward point accounts stored in said reward point account database and associated with said independently operating merchant*

is met by the Harris reference. The Examiner refers to the database described at column 4 lines 7-22 as meeting this database claimed by Applicant:

> The present invention provides for two methods whereby a participant may establish an account with the discount credit system. Preferably, the present invention provides for passive enrollment of customers, whereby the client will (possibly in association with the discount credit system administrator) *create a database file containing biographical information about each member* (i.e., potential customer), such as the member's name, address, and phone number. The database preferably will contain a unique identifying *membership number,* such as an account number, a telephone number (including the area code), or any other unique number, associated with each member. Preferably, the membership number uses a sixteen digit conventional VISA debit card number, thus permitting the membership number to access and be processed through the conventional VISA credit transaction network.

Harris, col. 4 lines 7-22 (emphasis added). The database described above and implemented in the Harris system is set up simply to track each user's name, address, and membership number (e.g. his or her VISA card number) - but there is no reference to tracking data regarding reward points or any other reward or

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loyalty currency (such as discounts) in this database. Harris
further explains the formation of this database as follows:

> Based on the information gathered during the
> enrollment process, the discount credit system
> administrator will preferably populate a database
> having information about each participant. Such
> information preferably includes **personal identifying
> information about the participant**, such as his/her
> name, address, and phone number, the participant's
> **membership number**, and the participant's selected
> **transaction card account number**.

Harris, column 5, lines 5-13 (emphasis added). This database is
used only to correlate the participant's membership number to
his or her personal transaction card account number (e.g. VISA
number) during a purchase transaction, such that the participant
only has to provide the membership number and the system looks
up the VISA number:

> The discount authorization processor 17 receives the
> authorization request, which includes the membership
> account number, verifies that the request originated
> from an authorized merchant 12, **correlates the
> participant's membership number to their associated
> personal transaction card account number as stored in
> the database**, and initiates a second authorization
> request 23 to the discount merchant bank 18.

Harris, column 6, lines 60-67 (emphasis added).

The Examiner then alleges that the following passages from
Harris teach that this database stores individual user reward
point accounts in that are associated with each of the
independently operating merchants as required by claim 1:

> Based upon the unique bank identification number (BIN)
> embodied within the membership number, the first

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authorization request 22 is then transferred by the
merchant bank 14 through the discount credit system 10
to the membership account issuing bank 16.

Harris, column 6 lines 51-56.

The present invention provides for two methods whereby
a participant may establish an account with the
discount credit system. Preferably, the present
invention provides for passive enrollment of
customers, whereby the client will (possibly in
association with the discount credit system
administrator) create a database file containing
biographical information about each member (i.e.,
potential customer), such as the member's name,
address, and phone number. The database preferably
will contain a unique identifying membership number,
such as an account number, a telephone number
(including the area code), or any other unique number,
associated with each member. Preferably, the
membership number uses a sixteen digit conventional
VISA debit card number, thus permitting the membership
number to access and be processed through the
conventional VISA credit transaction network.

Harris, col. 4 lines 7-22.

This clearly does not provide that the database stores
individual user *reward point accounts* in that are associated
with each of the independently operating merchants as required
by claim 1. As explained above, all these database records
store are static personal information such as name and address
and account number, but there is no description of the storage
of any reward point information as presently claimed.

Nor would there be any desirability in Harris to store such
reward point information. In Harris, a real-time purchase
discount is provided to a purchaser who presents the discount
card at the time of purchase. After the purchase transaction is

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approved by the credit card network, a discount may be applied **at the time of purchase only.** There is no desirability to provide reward points, which may be accumulated for subsequent usage as desired by the purchaser, since the discounts provided in Harris are made in real time only.

Since Harris uses a real time discount system, there is of course no need for "the transacting merchant instructing the central reward server **to add reward points to a user reward point account** associated with the transacting merchant and the user" as expressly required by claim 1. The Examiner relies on column 11, lines 16-23 of Harris as teaching this limitation, erroneously concluding that "issuing credit for a certain discount percentage" is the same as the required <u>adding reward points to a user reward point account</u>:

> If step 602 determines that the transaction has a matching pre-authorization and membership number, the process flows through steps 603-606 to change the transaction card account pre-authorization number transaction to settled, to issue a credit for a certain discount percentage on the transaction card account associated with the particular transaction, and to update all appropriate logs and databases.

Harris, col. 11 lines 16-23. Again, this real-time purchase discount does not relate at all to the use of a reward point account that may be added to as a result of the purchase transaction by the user as presently claimed.

The Examiner attempts to piece together the Applicant's invention as set forth in claim 1 by relying on the Walker reference, admitting that "Harris does not disclose reward points as such". The Examiner alleges that it would have been

obvious "to include reward points into his method and system as
taught by Walker because it would allow merchants to reward a
customer for continued patronage based over a period of time.
Applicant respectfully disagrees.

There is no teaching or suggestion, or desirability indicated,
that Harris would want to include reward points to allow
merchants to reward a customer for continued patronage based
over a period of time. In fact, Harris teaches away from such a
proposition since Harris provides **real-time** purchase discounts
to his customers based on the purchase transaction at that time.
Furthermore, merely substituting reward points for a real-time
discount, as the Examiner is attempting to do, would still not
yield the invention of claim 1. In claim 1, the central reward
server contains a database in which **each** of a plurality of
independently operating merchants have a **plurality of individual
user reward point accounts**. This is described in the
specification with respect to Figure 12:

> The maintaining of these merchant loyalty points may
> be undertaken by storing user and merchant account
> information in a database associated with the central
> server as shown in Figure 12. Thus, Figure 12
> illustrates a simple database format wherein each
> merchant and user under that merchant has a record
> which indicates how many points are in the account, as
> well as other optional information (such as par value
> of points, restriction on use, etc.) The format of
> the storage of the information is unimportant and may
> take many forms as well know in the art of relational
> and other types of databases.

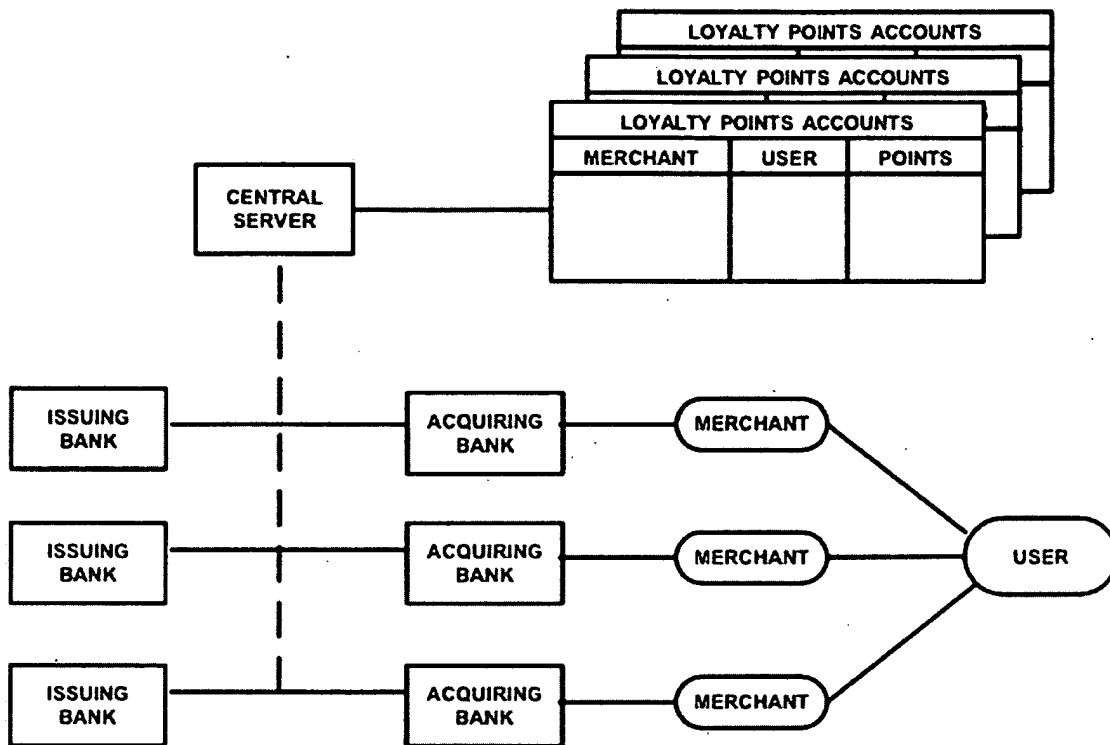Specification, page 11 lines 13-23. See also Figure 12 below:

FIGURE 12

As such, reward point information is stored for each customer (user) with respect to each merchant that participates. There is no teaching or suggestion in either cited reference how to create such a database as is set forth in claim 1.

Claim 2 is dependent from claim 1 and adds the limitations that the user executes a purchase transaction with a redeeming merchant, the user utilizes reward points from at least one of the user reward point accounts associated with the user for the purchase transaction, and the redeeming merchant instructs the central reward server to reduce the user reward point account

associated with the user by the amount of reward points used in the transaction. Since claim 2 incorporates the limitation of claim 1, claim 2 is patentable for at least the same reasons set forth above with respect to claim 1.

Claim 3 depends from claim 1 and adds the limitations of establishing a reward point exchange account on the central reward server; selecting reward points from each of a plurality of user reward point accounts associated with different independently operating merchants for exchange into the reward point exchange account; and aggregating the selected reward points into the reward point exchange account. The Examiner alleges that Harris teaches establishing a reward point exchange account on the central reward server at column 4 lines 6-22 and 41-57, noting that "Harris discloses both a passive and an active enrolment method as analogous to Applicant's establishing a reward point exchange account". However, the account referred to by the Examiner is not an **exchange account** as set forth in the remaining part of this claim as now explained.

The next limitation in claim 3 is that reward points are selected **from each of a plurality** of user reward point accounts associated with different independently operating merchants for **exchange into** the reward point exchange account. For this, the Examiner points to the text of Harris at column 5 lines 35-40 without any explanation whatsoever. This part of Harris provides only that:

> The discount credit system 10 preferably include a number of authorized merchants 12, who agree to participate in the program and are connected via established communication links to a conventional VISA credit transaction network.

Harris, column 5, lines 35-40. All this states is that more than one merchant is in the Harris program and they are connected to the VISA network. The Applicant fails to see how this even remotely relates to the limitation of reward points being selected from a plurality of user reward point accounts for exchange into the reward point exchange account.

Then, the Examiner admits that Harris does not disclose aggregating reward points. The Examiner attempts to rely on the Walker patent to bridge the gap admittedly left by Walker. The Walker patent, however, relates only to a reward point system that provides for keeping track of multiple "sub-account holders" *linked to a single reward account*. Walker's system provides for a *single reward point account* held by a primary account holder such as a parent, with several sub-account holders such as his or her children (col. 7, lines 8-12). Reward points are awarded (or redeemed) based on predefined rules that may relate to the physical presence of the sub-account holders at the time a reward card associated with the reward account is presented by the primary account holder. The Walker patent provides for several methods of determining the presence of the sub-account holders at the transaction, such as a biometric identification unit (col. 5, lines 9-31), a voice recognition unit (col. 5, lines 32-53), or simply a cashier asking the primary account holder if the sub-account holders are present (col. 11, lines 33-47).

Several examples of the functionality of the "multiple account holders linked to a single account" concept are illustrated by Walker. For example, a retail store transaction environment is

described, wherein a primary account holder presents his reward card, the cashier determines which sub-account holders are present, and the reward account is updated accordingly (col. 11, line 7 through col. 15, line 17). Also, a drive-through lane transaction environment is described, wherein a license plate of a car is scanned and the license plate number is linked to the account (col. 15, line 18 through col. 16, line19). Further, a self-ordering transaction environment is described wherein a restaurant provides self-ordering tables or touchscreens that allow a user to swipe his reward card and use it with the food transaction (col. 16, lines 20-52).

Claim 1 of Walker is further illustrative of this "multiple account holders linked to a single account" concept. Claim 1 of Walker recites a card holder presenting his card, the account ID being used to retrieve a customer record with account information including the identification of several sub-account holders, identifying a sub-account holder present with the cardholder, transacting with the sub-account holder, calculating a reward, and allocating the reward to the sub-account holder.

It is clear from a reading of the Walker reference that there is only a *single account* into which reward points may be added based on activities of various related members, and not the present invention wherein reward points are selected *from each of a plurality* of user reward point accounts associated with different independently operating merchants for *exchange into* a reward point exchange account.

In particular, the Examiner alleges that Walker discloses "aggregating the selected reward points into the reward point

exchange account" at column 4 lines 54-63 and column 6 lines 21-45:

> The frequent shopper rules database 400B comprises a plurality of data objects indicative of the rules defining the reward level or reward points assessed to a frequent shopper account in response to a transaction or series of transactions. For example, the frequent shopper rules database defines how many members must be present, the minimum value of a transaction to earn a reward and other parameters. frequent shopper account, including demographic profile data, transaction profile data, reward level and other information associated with each member.

> . . .

> The transactional profile 306 contains information relating to prior transactions by the account member 304. Specifically, the transactional profile 306 comprises a purchase history 306A, a reward history 306B, a relations history 306C, an average value indicator 306D and a number of purchases indicator 306E. The purchase history 306A comprises a list of some or all of the purchases and/or transactions associated with the account member or sub-account holder 304. The reward history 306B comprises a listing of some or all of the rewards earned and/or redeemed by the account member or sub-account holder 304 relating to, e.g., the purchases or transactions identified within the purchase history 306A. The relations history 306C includes historical data tracking the various relations between the account member or sub-account holder 304 and other account members or sub-account holders associated with account identifier 302 or, optionally, other accounts (e.g., a frequent shopper participating in several programs offered by the same or different promoters). The average value indicator 306D represents the average value of an item or the average value of a transaction associated with the account member or sub-account holder 304. The number of purchases indicator 306E indicates the number of discrete transactions entered into by the account member or sub-account holder 304.

However, it is clear that these passages do not teach or suggest "aggregating the selected reward points into the reward point exchange account" as alleged by the Examiner, or more particularly "selecting reward points from each of a plurality of user reward point accounts associated with different independently operating merchants for exchange into the reward point exchange account; and aggregating the selected reward points into the reward point exchange account" as set forth in claim 3.

Furthermore, the Examiner's interpretation of *earning rewards* as indicative of Applicant's aggregating the selected reward points is not, on point, since claim 3 clearly requires that it is the **reward points selected from each of a plurality of user reward point accounts** that are aggregated into the reward point exchange account, not just the mere earning of rewards as suggested by the Examiner. It is the entirety of the claim as a whole that must be examined, **including all limitations** (which are being ignored in the Examiner's analysis). Moreover, just picking and choosing words from references in order to try to attempt to read on the Applicant's claims is not permitted.

Nowhere in any of the cited references is it suggested that reward points may be select reward points from each of a plurality of user reward point accounts associated with different independently operating merchants for exchange into a reward point exchange account, and then those selected reward points aggregated into the reward point exchange account, as set forth in claim 3. Claim 3 is therefore patentable for these reasons as well.

Claim 5

Claim 5 depends from claim 3, and further provides the steps of:

> establishing a cluster of independently operating
> merchants, each of which have user reward point accounts
> established with the reward point account database in the
> central reward server;
> allowing aggregation of points from each of the
> independently operating merchants in the cluster into the
> reward point exchange account; and
> disallowing aggregation of points from a merchant not
> a member of the cluster.

Interestingly, the Examiner alleges that Harris teaches "allowing aggregation of points from each of the independently operating merchants in the cluster into the reward point exchange account" at column 3, lines 58-65. However, with respect to claim 3 (upon which claim 5 depends), the Examiner expressly **admitted that Harris does not disclose aggregating reward points**. The Applicant requests a clarification on this position - whether the Examiner does or does not believe that the Harris reference teaches aggregation of selected reward points from multiple reward point accounts into a reward point exchange account as required by claims 3 and 5 herein.

The passage on which the Examiner relies for this proposition is:

> The system administrator is also preferably
> responsible for contracting with participating
> vendors, who become authorized merchants and agree to
> offer their goods or services to the participants of
> the discount credit system at a reduced rate, provided
> that such participants directly contact the authorized
> merchants and provide their assigned membership
> number, in lieu of other payment methods, at the time
> of purchase from the authorized merchant.

Harris, column 3, lines 58-65. Again, this has nothing to do with the claim limitation of allowing aggregation of points (which were selected from each of a plurality of user reward point accounts associated with different independently operating merchants for exchange into the reward point exchange account, per claim 3) *from each of the independently operating merchants in the cluster* into the reward point exchange account (per claim 3). Claim 5 depends from claim 3, and must be read with claim 3 and not in isolation, when assessing its patentability.

Furthermore, it follows that since neither Harris nor Walker teach or suggest the aggregation of reward points selected from each of a plurality of user reward point accounts associated with different independently operating merchants for exchange into the reward point exchange account, then neither reference teaches or suggests the limitation from claim 5 of allowing such aggregation for merchants in the cluster and disallowing aggregation of points from a merchant not a member of the cluster. Claim 5 is therefore patentable for these reasons as well.

Claims 6, 7, 8, 9, 10, 21 and 22 all depend from claim 1 and are patentable for at least the reasons set forth with respect to claim 1 above.

Applicant thus submits that the entire application is now in condition for allowance, early notice of which would be appreciated. Should the Examiner not agree with the Applicants' position, a personal or telephonic interview is respectfully requested to discuss any remaining issues and expedite the eventual allowance of this application.

Respectfully submitted,

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